

## Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05  
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01  
DOE-15 AF-10 ARA-10 EA-10 EUR-12 NEA-11 OIC-02  
STRE-00 /169 W

-----128788 262004Z /63

P 261852Z MAY 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 0174

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USMTN

STR FOR ACTION

E.O. 11652: N/A  
TAGS: MTN, ETRD  
SUBJECT: GOVERNMENT PROCUREMENT - MAY 19 PLURILATERAL  
- ON COVERAGE

1. FIVE DEVELOPED COUNTRIES (U.S., EC, NORDICS, SWISS, JAPAN) MET BRIEFLY AFTERNOON OF MAY 19 TO DISCUSS GOVERNMENT PROCUREMENT (GP) INDICATIVE OFFER LISTS CIRCULATED EARLIER IN WEEK. DISCUSSIONS WERE OF GENERAL NATURE AND CONSISTED MOSTLY OF EXPLANATION OF RESPECTIVE OFFER LISTS.

2. JAPAN - JAPANESE DEL (ABE) NOTED THAT GOJ OFFER INCLUDED ALL JAPANESE FEDERAL GOVERNMENT PURCHASES. HE ESTIMATED ROUGHLY THAT 30-40 PERCENT OF THE TOTALS NOTED ON THE OFFER REPRESENTED PURCHASES OF PRODUCTS.

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ENTITIES NOT COVERED BY THE GOJ "NATIONAL ACCOUNTING LAW" (E.G., PUBLIC CORPORATIONS, QUASI-PUBLIC BODIES) ARE NOT INCLUDED ON THE GOJ OFFER LIST. OPINION OF JAPANESE DEL IS THAT ENTITIES NOT COVERED BY THE PRIMARY BUDGET ARE NOT UNDER THE CONTROL OF THE FEDERAL GOVERNMENT AND THEREFORE SHOULD NOT BE SUBJECT TO CODE PROVISIONS. FYI: SEVERAL TIMES THROUGHOUT WEEK, ABE

HINTED THAT SUCH ENTITIES POSSIBLY COULD BE INCLUDED, BUT SUCH INCLUSION WAS DEPENDENT UPON SUFFICIENT PRESSURE BY U.S. AND ON EC ALSO INCLUDING SUCH ENTITIES. END FYI.

3. NORDICS: FOR NORWAY, NORDIC DEL (LEMMEL) SAID PURCHASING FIGURES WOULD BE AVAILABLE "A LITTLE LATER". CURRENT LIST REPRESENTS ABOUT 60-70 PERCENT OF NORWEGIAN PURCHASES. FOR SWEDEN, TOTAL GOVERNMENT PURCHASES COME TO KR 16 BILLION OF WHICH APPROXIMATELY ONE-THIRD ARE SERVICES. SWEDEN EXEMPTED THREE ENTITIES (DEVELOPMENT AID AUTHORITY - SIDA, ECONOMIC DEFENSE AUTHORITY (EDA), CENTRAL LABOR MARKET BOARD (CLMB)) WHICH TOGETHER PURCHASE ABOUT 1 BILLION KR. SIDA WAS EXCLUDED BECAUSE OF ITS BOUND AID PROGRAMS. LEMMEL NOTED THAT IF A PROVISION IN THE CODE EXEMPTED BOUND AID, THIS ENTITY COULD BE INCLUDED. THE EDA WAS EXCLUDED ON GROUNDS OF SWEDISH POLICY ON DEFENSE PREPAREDNESS. EDA MOSTLY BUYS TEXTILES, SHOES, PETROLEUM, AND SOME RAW MATERIALS FOR STORAGE PURPOSES. CLMB IS BASICALLY ON SUBSIDY PROGRAM TO KEEP SMALL INDUSTRIES, PARTICULARLY TEXTILES, FROM GOING UNDER. LEMMEL ARGUED THAT FOR POLITICAL REASONS, SWEDEN CANNOT INCLUDE THESE "SENSITIVE" AREAS IN THE CODE'S COVERAGE BUT MIGHT INCLUDE THESE ENTITIES IF THE CODE CONTAINED A LOOSE SAFEGUARD PROVISION TO ALLOW THE GOS TO NOT APPLY THE CODE PROVISIONS WHENEVER NECESSARY. HOWEVER, LEMMEL EXPLAINED THAT THEY HAD LIMITED OFFICIAL USE

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CONCLUDED IT WAS MUCH PREFERABLE TO KEEP A TIGHT CODE AND EXEMPT THREE ENTITIES, THAN TO PUT A LARGE LOOPHOLE IN THE CODE ITSELF. THE FINNISH OFFER RELATES TO ALL PURCHASES ABOVE U.S. \$15,000. ENTITIES SUCH AS FINN AIR AND RAILWAYS WERE EXCLUDED SINCE THEY ARE "PRIVATE".

4. SWITZERLAND - SWISS DEL (LEMPEN) EXPLAINED THAT SWISS OFFER WAS SUBMITTED ON BASIS OF SWISS APPROACH TO ENTITY NEGOTIATIONS. GOS, HOWEVER, IS IN PROCESS OF REVISING FOR THE MTN, A GOS PUBLICATION (REPERTOIRE DES SERVICES D'ACHAT DE L'ADMINISTRATION FEDERALE) WHICH BREAKS DOWN ITEM BY ITEM GOVERNMENT PURCHASES IN SWITZERLAND.

5. EC DEL (STRUXIANO) WAS MOST DEFENSIVE OF DELEGATES PRESENT. AS A GENERAL GUIDELINE, ANYTHING NOT INCLUDED IN EC DIRECTIVE WAS NOT INCLUDED IN THE EC OFFER. EC DEL INITIAL REACTION WAS THAT SUCH ENTITIES AS PTT'S AND RAILWAYS COULD NOT BE INCLUDED BUT ADDED THAT EC COMMISSION INTENDS TO SUBMIT TO EC COUNCIL AT END OF 1978 A PROPOSAL TO INCLUDE PTT'S IN THE EC DIRECTIVE.

STRUXIANO SAID INCLUSION OF SUCH ENTITIES WAS A  
"POLITICAL" ISSUE WHICH COULD BE RESOLVED AT THE END OF  
THE DAY.

6. US: U.S. DEL (SHELLEY) EXPLAINED EXTENT OF U.S.  
OFFER. THERE WERE FEW QUESTIONS ABOUT THE OFFER EXCEPT  
FROM THE JAPANESE WHO QUESTIONED TWO FIGURES. JAPANESE  
DEL INDICATED THAT THE GSA ANNUAL REPORT SHOWED FEDERAL  
ENERGY DEPARTMENT PURCHASES AS \$816,000 AND NASA PUR-  
CHASES AS \$3.229 BILLION.

7. IN GENERAL DISCUSSION, SEVERAL COUNTRIES INDICATED  
THAT THE NEXT STEP IN COVERAGE NEGOTIATIONS SHOULD BE  
TO DEVELOP A COMMON VIEW ON HOW TO PROCEED IN THE REQUEST/  
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OFFER EXERCISE. NORDIC DEL LISTED FIVE ITEMS HE SAW

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P 261852Z MAY 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 0175

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STR FOR ACTION

AS NECESSARY TO EVALUATE EACH COUNTRY'S OFFER: (1) LIST

OF ENTITIES; (2) AMOUNT OF PROCUREMENT BY EACH ENTITY;  
(3) PERCENTAGE OF TOTAL GOVERNMENT PROCUREMENT (IMPLIES  
NEED TO DEFINE TOTAL PROCUREMENT - I.E. NATIONAL AND  
PROVINCIAL); (4) WHAT ENTITIES ARE NOT OFFERED; (5) MAIN  
PRODUCTS BY GENERAL CATEGORY PURCHASED BY EACH ENTITY -  
THIS LIST IS NOT TO BE A PRODUCT OFFER LIST, BUT RATHER  
GENERAL CRITERIA FOR EVALUATION PURPOSES.

8. RECOMMENDATION: IN GENERAL, MTN DEL AGREES THAT  
ABOVE TYPE OF INFORMATION WOULD BE USEFUL IN EVALUATING  
OFFERS OF OTHER COUNTRIES. WE BELIEVE HOWEVER THAT  
MUCH OF THIS INFORMATION MAY BE EASIER TO DEVELOP  
AFTER REQUEST LISTS HAVE BEEN EXCHANGED AND EACH COUNTRY'S  
AREAS OF INTEREST ARE MORE SPECIFICALLY OUTLINED.  
ACCORDINGLY, NEXT MAJOR STEP FOR USG SHOULD BE TO FINALIZE  
OUR REQUEST LISTS OF OTHER COUNTRIES. WE BELIEVE, AT  
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THIS STAGE OF MTN, THAT A "LAUNDRY LIST" APPROACH WOULD  
BE A WASTE OF TIME. SPECIFICALLY, MTN DEL RECOMMENDS  
THAT USG INITIALLY REQUEST ONLY THOSE ENTITIES WHICH  
MEET DEFINITION OF GATT ARTICLE III(8)(A) (I.E.,  
WE SHOULD NOT LIST ENTITIES WHICH MANUFACTURE PRODUCTS  
FOR PUBLIC RESALE, SUCH AS RENAULT IN FRANCE). INTERN-  
ALLY, WE ALSO SHOULD BE CONSIDERING WHICH ENTITIES IN  
OTHER COUNTRIES ARE OF PRIORITY CONCERN AND WHICH ARE  
NOT. LIKEWISE, WE SHOULD KNOW WHICH ENTITIES IN USG ARE  
OF GREATEST INTEREST TO OTHER COUNTRIES FOR POSSIBLE  
WITHDRAWAL IF OFFERS OF OTHERS ARE INADEQUATE.

9. DRAFTED BY SHELLEY. MCDONALD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GOVERNMENT PROCUREMENT, MEETINGS, TRADE AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 26 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**Disposition Event:**  
**Disposition History:** n/a  
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**Litigation History:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GOVERNMENT PROCUREMENT - MAY 19 PLURILATERAL - ON COVERAGE  
**TAGS:** ETRD, MTN  
**To:** STATE  
**Type:** TE  
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